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January 23, 2004



Via HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, D.C. 20423-0001

Re: Arizona Public Service Co. and PacifiCorp v. The Burlington Northern and Santa Fe Railway Company, STB Docket No. 41185

Dear Secretary Williams:

Enclosed for filing in the captioned docket, please find the original and ten copies of a Joint Stipulation of the parties.

Please date stamp the extra copy of the referenced pleading and return it with our messenger. If you have any questions regarding this matter, please contact the undersigned.

Sincerely,

A handwritten signature in cursive script that reads "Linda S. Stein".

Linda S. Stein
Counsel for Defendant

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Docket No. 41185

JOINT STIPULATION

Complainants Arizona Public Service Company and PacifiCorp
(collectively referred to as “APS/PacifiCorp”) and Defendant The Burlington Northern
and Santa Fe Railway Company (“BNSF”) hereby represent and stipulate as follows:

1. On January 26, 1999 the parties executed a Confidential Memorandum of Understanding (“MOU”) in which they agreed to enter into a confidential rail transportation agreement to govern transportation of coal to APS/PacifiCorp’s Cholla Generating Station.

2. Consistent with the MOU, the parties thereafter entered Rail Transportation Agreement BNSF-C-12203 (“1999 Contract”) in March, 1999.

3. The volume terms of the 1999 Contract required APS/PacifiCorp to ship coal both from the Pittsburgh & Midway Mining Company's ("P&M") McKinley Mine and from other coal mines.

4. The minimum annual volume required under the 1999 Contract was set at three million tons for shipments from P&M's McKinley Mine and York Canyon Mine, and the minimum annual volume from other coal sources was set at 500,000 tons.

5. But for the MOU or 1999 Contract, APS/PacifiCorp's shipments from the McKinley Mine to Cholla could have been 3.5 million tons of coal per year for each of the years 1999, 2001 and 2002.

6. In the year 2000, APS/PacifiCorp's ability to ship from the McKinley Mine to Cholla was impacted by a Force Majeure Event. The Force Majeure event related to a strike and lasted from May 15, 2000 through August 13, 2000. Effectively, this strike halted coal shipments from the McKinley Mine to Cholla for three months. But for this strike, the MOU and the 1999 Contract, APS/PacifiCorp shipments from the McKinley Mine to Cholla could have been 3.5 million tons of coal on an annual basis, or an average of 291,667 tons of coal on a monthly basis. Accordingly, assuming APS/McKinley shipped their monthly average over the nine-month period that the McKinley Mine was operational in 2000, shipments from the McKinley Mine to Cholla could have been 2,625,000 tons ($291,667 \times 9$) of coal but for the MOU and 1999 Contract.

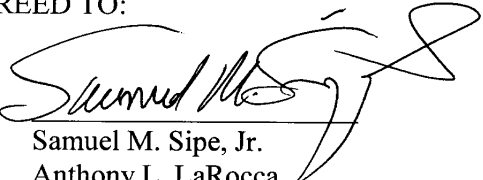
7. The parties, accordingly, hereby stipulate for purposes of the stand-alone cost analyses submitted by the parties in this proceeding, the volume levels for coal shipments originating at the McKinley Mine and destined to Cholla shall be deemed to be 3.5 million tons for each of the years 1999, 2001 and 2002 and 2,625,000 for the year 2000. Total tonnage shipped to Cholla from all mine origins in each of the years 1999 through 2002 exceeded the tonnages specified in the prior sentence. The parties do not agree with regard to the propriety of including in the stand-alone railroad's traffic group coal delivered to Cholla during these years from mine origins other than McKinley Mine. APS reserves the right to seek to include additional tonnages from mine origins other than McKinley Mine in its stand-alone traffic group and BNSF reserves the right to seek to exclude tonnages from mine origins other than McKinley Mine from its stand-alone traffic group for the years 1999 through 2002.

8. The parties also stipulate that any difference between the stipulated deliveries and the actual deliveries to Cholla from the McKinley Mine for the period 1999 through 2002 should, for purposes of the stand-alone cost analyses submitted by the parties, proportionately reduce the tons shipped from the McKinley Mine during each such year to other coal purchasers, on the assumption that the coal would not have been available for purchase by others if APS/PacifiCorp had contracted to buy it. Each coal purchaser's McKinley tons for any year in this period shall be reduced by a number of tons calculated by taking the difference in tons between the stipulated tonnage and the

actual deliveries to Cholla from the McKinley Mine for that year and multiplying that difference by the purchaser's percentage of actual non-APS/PacifiCorp McKinley tons for the same year.

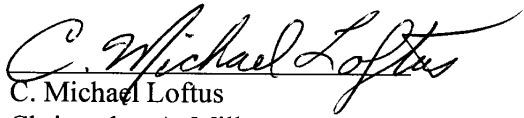
AGREED TO:

BY:



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DATED: January 22, 2004